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Integrated economic statistics

Report of the Secretary-General

Summary

The present report presents a proposal for the establishment of an integrated programme on economic statistics based on the recommendations of the Expert Group Meeting on Distributive Trade, the Expert Group Meeting on Industrial Statistics and the International Workshop on Economic Census organized by the Statistics Division. The report concludes with points for discussion.

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I. Introduction

1. Over the years, the Statistical Commission has considered the work of many different task forces, city groups and inter-agency working groups engaged in economic statistics.

2. With the prominence of services activities in national economies, services statistics have received increased attention. This interest has led to the international review of conceptual and practical issues in service statistics prepared by the Australian Bureau of Statistics and presented to the Statistical Commission at its thirty-fourth session in 2003.[1] Subsequently, the Organization for Economic Cooperation and Development (OECD) prepared two reports[2] presented to the Commission at its thirty-fifth and thirty-sixth sessions in 2004 and 2005. These reports, which demonstrated that significant methodological contributions have been made by international organizations and statistical groups, also recognized the need for international coordination to ensure that the agreed priorities be addressed within a collective integrated approach. As a result, the Commission requested OECD to take the lead in establishing the Intersecretariat Working Group on Service Statistics.

3. In an effort to broaden the review to statistics of goods producing industries, the Statistical Commission, at its thirty-sixth session, requested that the Ministry of Internal Affairs and Communications of Japan prepare the programme review on industrial statistics for its thirty-seventh session.

4. Commensurate with the balanced approach taken by the Statistical Commission, the Statistics Division organized the Expert Group Meetings on Distributive Trade (New York, August 2005), the Expert Group Meeting on Industrial Statistics (New York, September 2005) and the International Workshop on Economic Census (Beijing, July 2005).[3] The three meetings, which brought together experts in industrial and services statistics, national accounts, price and volume, classifications, business registers and trade from international organizations and from developed and developing countries, allowed for a profound review. The experts provided not only inputs in the review programme on industrial and distributive trade statistics but also discussed the implications of an integrated economic statistics approach on the revision of standards, including: International Recommendations of Statistics of the Distributive Trades and Services (ST/ESA/STAT/Ser.M/57); International Recommendations for Industrial Statistics (ST/ESA/STAT/Ser.M/48/Rev.1); Index Numbers of Industrial Production (ST/STAT/Ser.F/1); and Strategies for Measuring Industrial Structure and Growth (ST/ESA/STAT/Ser.F/65).

5. At the meetings Member States emphasized that an integrated approach to economic statistics by national statistical systems would meet the high demand for timely economic statistics of high quality in a cost effective way. Such an integrated economic statistics programme would encompass both industrial and services statistics and aim at compiling, in the most cost efficient way, basic economic data across sectors, consistent with macroeconomic statistics. This would result in an integrated data system responsive to the need for a wide range of data for a wide range of data users, including policymakers in Governments, industry and the business community. Many countries have already embraced this approach and are

implementing new cost effective and highly integrated collection and estimation programmes.

6. The policy relevance of economic statistics and the need for their harmonization has been stressed by numerous international forums and agencies. The International Labour Organization (ILO), for example, advocates the measurement of employment and income contributions by informal household enterprises in countries with a view to promoting appropriate governmental policies. The decision of the OECD Ministerial Conference on Small and Medium-Sized Enterprises (Istanbul, 2004) to promote the measurement of similar contributions by small and medium-sized enterprises is yet another case in point. These policy demands require conceptual coherence and statistical comparability across goods and services producing activities.

7. The momentum created by the simultaneous revisions of international statistical standards on national accounts, product and economic activity classifications, industrial statistics, industrial production indexes, distributive trade statistics and other services statistics has provided a unique opportunity for the development of an integrated approach to economic statistics. At all three meetings organized by the Statistics Division, Member States recommended that the Division should work with them and with international agencies to use this opportunity to establish a programme that would ensure coordination among the different programmes and activities in the field of economic statistics.

8. At the request of Member States, the Statistics Division has developed a strategic response on an integrated economic statistics approach as a basis for an exchange of views at the thirty-seventh session of the Statistical Commission. The vision of the Division is to establish a collective programme with agreed coordination mechanisms encompassing a broad field of economic statistics, including industrial and services statistics, national accounts and related statistics. The present report summarizes the discussions at the above-mentioned meetings.

II. The integrated economic statistics programme

9. The Statistical Commission has identified the need for the coordination of activities in services statistics on numerous occasions. Until now, these activities have been characterized by several independent, though interrelated, initiatives. Such coordination should be based on an economic statistics programme integrated by a collective research agenda for the various existing statistical groups operating in the area of economic statistics in order to ensure that work converges into a common framework. The results of the statistical research should feed into the revision and implementation of agreed standards on business and trade statistics, international classifications and price and production indexes. This coordinated approach would result in a more efficient use of resources both at the national and the international level.

10. Five components of work for the economic statistics programme are envisaged, including: (a) promotion of an integrated approach to economic statistics; (b) development of concepts; (c) coordination among various statistical groups operating in the field of economic statistics; (d) implementation of the integrated economic statistics programme in countries; and (e) harmonization of data collection activities. These components are discussed in detail below.

A. Promotion of an integrated approach to economic statistics

11. The novelty of the proposed integrated approach to economic statistics would require raising awareness of the need, feasibility and benefits of such an approach. Often, for historical reasons, programme elements of economic statistics, such as high frequency and structural business statistics, are carried out independently and may use conflicting concepts, definitions, coverage of data items and classifications for data collection across economic activities and size classes of enterprises. The proposed programme should play an active role in raising awareness of the advantages of a common but flexible statistical infrastructure in defining units, applying classifications and defining variables to be collected from the units. Such consistency in concepts and methods will enhance comparability of data across different programme elements, more efficient use of resources, integration of multiple surveys and better quality of survey and administrative data. In addition, this approach should redress the data gaps and simultaneously improve the data quality for the compilation of national accounts.

12. The proposed programme should promote the adoption of various international standards on economic statistics, including a quality assessment of their scope and compliance. This will be instrumental in the harmonization of national practices and will result in improved international economic statistics with enhanced comparability.

B. Development of methodology

13. Member States identified the convergence of statistical concepts and practices across economic activities, size classes of enterprises, time and regions, and coherence with the *1993 System of National Accounts* (1993 SNA) as the central elements of the integrated statistical methodology. These elements were referred to as horizontal and vertical integration. Horizontal integration could be considered to be a process view involving the harmonization of collection, processing, compilation and dissemination methods across economic activities, class sizes of enterprises, time and regions. Vertical integration could be considered to be a quality view that strives for conceptual coherence with the *1993 System of National Accounts* and related standards.

14. The revisions of the existing international recommendations on industrial statistics, distributive trade and services statistics and related production indexes, being undertaken by the Statistics Division provide a unique opportunity to move towards an integrated approach to economic statistics. Uniform methodologies, consistent concepts, definitions and classifications as well as integration of time and space references should be adopted. The framework of the *1993 System of National Accounts* should be seen as the umbrella framework ensuring the overall conceptual coherence of economic statistics.

15. The proposed programme aims at promoting the development of a common set of target indicators on economic statistics relevant to all economic activities and size classes of enterprises differentiated by structural and high frequency data. Their definitions, formats and coverage should be in line with the internationally agreed statistical concepts and classifications as well as data collection, processing and dissemination methods.

C. Coordination among various statistical entities operating in the field of economic statistics

16. There are many independent yet interrelated activities carried out in the area of economic statistics. The report of the Australian Bureau of Statistics on services statistics[1] lists a variety of international and regional working groups on services as well as groups whose work is, in part, relevant to services statistics (but still fully relevant to the broader field of economic statistics). The OECD reports[2] give an overview of the activities of these groups. Future reports by OECD will continue to provide information on progress made by these groups.

17. The meetings identified the need for coordinating the activities of these statistical groups not only in the area of services statistics, an activity already undertaken by the OECD. The necessity for coordination extends to the broader context of economic statistics, including industrial and services statistics, as well as national accounts and related statistics. The benefits of coordinating activities in economic statistics are evident and will ultimately result in resource-efficient data collection activities.

18. Building on the reports of the Australian Bureau of Statistics and the Organization for Economic Cooperation and Development, the proposed programme would (a) identify statistical groups working on key elements of economic statistics and analyse their work programmes, (b) determine clear channels of communication with various groups, (c) agree with those groups on a research agenda that will feed into the programme of work of advancing conceptual as well as practical development; and (d) establish a central website, to serve as a knowledge platform and facilitate communication between various groups.

19. Owing to the large number of groups working in this area, the programme will first have to identify a subset of these groups that would be willing to contribute to key elements of the methodology, based on agreed priorities. Candidates for such a "core set" of working groups include: the Voorburg Group on Services Statistics, the International Working Group on Price Indices (The Ottawa Group); the International Roundtable on Business Survey Frames; and the Delhi Group on Informal Sector Statistics.

20. The programme will build on work undertaken by related groups at the regional level, including: the Economic Commission for Europe/OECD/Eurostat Steering Group on Business Registers; the Eurostat Steering Group on Structural Business Statistics; the OECD Short-Term Economic Statistics Expert Group (task force on short-term indicators for services); the OECD Working Party on Indicators for the Information Society; and the OECD National Experts on Science and Technology Indicators.

D. Implementation of an integrated economic statistics programme

21. The revision of existing statistical standards and the introduction of new standards on economic statistics will increase the need for assistance to countries. Requests for assistance will not only cover services statistics but the broader range of economic statistics. To address this increasing request, a set of practical compilation and training manuals should be developed to complement the existing and new statistical standards. When coordinating the development of training

materials, the programme should foster exchanges of best practices and aim to establish a roster of technical assistance providers. Within this component, the programme needs to develop assessment tools to monitor implementation, data quality and comparability.

22. While the efforts of international organizations are important in developing and promoting an integrated economic statistics programme, the implementation of such a programme remains, essentially, a country prerogative. The role of the Statistics Division and other international organizations is to assist national statistical offices in customizing and executing such a programme.

E. Harmonization of data collection activities

23. Historically, data collection activities have been often implemented in an independent and uncoordinated manner. Both the rapidly changing business structures, including the way businesses are organized and operate in the national and global economy, and the ongoing efforts to minimize the costs and response burden dictate the need for re-evaluating and improving survey programmes. These programmes will require the redesign of business survey frames with the objective of integrating the frames into a limited number if not a single business survey programme, the design of which will be based on a central business register, to be systematically updated using data from surveys as well as from administrative records.

24. The rationale behind harmonized data collection includes: (a) using common generic processing techniques and methods for editing the data and making imputations simultaneously for all types of units across different economic activities; (b) storing the data in a centralized database (data warehouse), accessible under strictly defined authorization rules by all departments of a statistical office; (c) making the data available for multi-purpose uses, including increased use for analytical purposes; (d) identifying and eliminating the incoherence in data between the establishment information and enterprise information, or other levels of large complex units; and (e) expanding the use of electronic reporting system and/or automated form processing system.

25. Elements of such a harmonized data collection process include economic census, business registers and administrative data. They are discussed in detail below.

Economic census

26. Economic census is still an important statistical activity in many countries. Its role is (a) to provide a country with comprehensive and detailed information about the structure of its economy; (b) to establish the statistical foundation for continuing economic analysis; and (c) to provide the information needed for constructing/maintaining a country's business register in order to provide a frame for business surveys. The census planning and organization and the subsequent transformation of census's basic data into national accounts aggregates require a long period of careful preparation, skilled staff and considerable financing. Unfortunately, in the circumstances of rapidly changing economic environment, this information quickly becomes outdated.

27. Countries often use infrequent economic censuses as a benchmark enquiry in a combination with surveys of different frequency between the benchmark years. The recent Statistics Division survey[4] on the factors impeding the implementation of the *1993 System of National Accounts* among developing countries has confirmed the pronounced tendency of countries to substitute expensive benchmark surveys by a framework of coordinated annual (and less frequent) business surveys.

28. Recognizing that economic census is a method of data collection that has not only advantages but presents a number of challenges to the statistical authorities, the programme will continue promoting its use as an important source of data and tool for update of survey frames to developing economies in the process of developing a business register as well as to those having a large informal sector.

29. The programme will also place increasing emphasis on the need for integrating the surveys of various frequencies so that the data produced by each survey may supplement those produced by others. The adoption of standards, and thereby consistent definitions, across economic activities will facilitate the integration of surveys.

Business register

30. A business register is a central sampling and weighting frame for all business surveys. The establishment of such a register is essential for the full coordination between surveys that use the same basic information about business units. The programme should promote their establishment in countries where business registers are not in place and provide clear guidance on how to use them in the context of integrated economic statistics programme.

31. In order to assist countries in developing business registers, the Statistics Division plans to conduct an international workshop in 2006 to bring together developed and developing countries. A technical manual on business registers would be developed over time to document key elements of such registers and current best practices.

Administrative data

32. An increasing number of countries are looking into the possibility of using administrative sources more extensively for statistical purposes because of the advantages they offer. Administrative information can be used either directly for production of statistical data or for the verification of already compiled aggregates as well as for filling gaps of data missing in statistical surveys.

33. Promoting the extensive use of administrative information for the purpose of official statistics does not imply that administrative data should replace traditional statistical techniques, but rather that it should be used to supplement and reinforce them. Statistical authorities are encouraged to cooperate with Government agencies to promote efficient data capture to serve both administrative and statistical purposes.

III. Looking ahead

34. Taking into account the recent recommendations of the Statistical Commission in the field of economic statistics and the thrust of the main conclusions of the three meetings organized by the Statistics Division in 2005, the Commission may wish to consider the issue of coordination among the various groups undertaking research in the field of economic statistics. A light coordination mechanism could be put in place. The Division could report back to the Commission at its next session on viable modalities of such a light coordination mechanism, as well as on the work programme on integrated economic statistics.

IV. Points for discussion by the Commission

35. **The Statistical Commission may wish to express its views on:**

(a) **Consideration of the proposed integrated economic statistics programme as a useful and feasible concept for the future development of the field of economic statistics;**

(b) **Exploration of the modalities of a light coordination mechanism among the various groups dealing with economic statistics;**

(c) **Provision of further guidance to the Statistics Division in developing its work programme on integrated economic statistics.**

Notes

[1] E/CN.3/2003/12.

[2] E/CN.3/2004/12 and E/CN.3/2005/5.

[3] The minutes of the Expert Group Meetings on Distributive Trade and on Industrial Statistics and the International Workshop on Economic Census will be posted on the following websites:
http://unstats.un.org/unsd/newsletter/unsd_workshops/distributive_trade.htm
http://unstats.un.org/unsd/industry/meetings/eg2005/ac105-2.asp.
http://unstats.un.org/unsd/newsletter/unsd_workshops/ws_eco_census.htm.

[4] E/CN.3/2005/4.